

Message Text

UNCLASSIFIED

PAGE 01 TOKYO 10780 161147Z

55

ACTION EA-09

INFO OCT-01 EUR-12 ISO-00 EAE-00 SP-02 USIA-15 AID-05

EB-07 NSC-05 CIEP-02 TRSE-00 SS-15 STR-04 OMB-01

CEA-01 CIAE-00 COME-00 FRB-01 INR-07 NSAE-00 XMB-04

OPIC-06 LAB-04 SIL-01 /102 W
----- 035250

P R 160910Z JUL 76

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC PRIORITY 0886

INFO AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBSSY ROME

AMCONSUL HONG KONG

USMISSION EC BRUSSELS

USMISSION OECD PARIS

UNCLAS TOKYO 10780

DEPT PASS TREASURY, CEA, AND FEDERAL RESERVE

E.O. 11652: N/A

TAGS: EFIN, JA

SUBJECT: JAPAN'S BALANCE OF PAYMENTS IN JUNE - PROVISIONAL

1. SUMMARY: TRADE SURPLUS (N.S.A.) INCREASED FURTHER IN JUNE BUT AFTER SEASONAL ADJUSTMENT TRADE SURPLUS DECLINED ACCORDING TO PRELIMINARY JUNE B/P STATISTICS. UNADJUSTED TRADE SURPLUS ROSE BY \$0.3 BIL OVER PRIOR MONTH TO NEARLY \$1.0 BIL IN JUNE. SEASONALLY ADJUSTED TRADE SURPLUS, HOWEVER, DECLINED SLIGHTLY, THOUGH REMAINING AT HIGH \$1.1 BIL LEVEL. JUNE NET PAYMENTS FOR SERVICES AND TRANSFERS WERE LARGER THAN IN MAY WHILE LONG-TERM CAPITAL SWUNG TO NET OUTFLOW IN JUNE AFTER NET INFLOW IN MAY. NOW-MONETARY SHORT-TERM FUNDS ALSO MOVED TO NET OUTFLOW IN JUNE. AS RESULT, SURPLUS ON OVERALL BALANCE DECLINED FROM THE
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 TOKYO 10780 161147Z

PRIOR MONTH. ON THE OTHER HAND, COMMERCIAL BANKS IN

JAPAN IMPORTED \$410 MIL IN SHORT-TERM FUNDS DURING JUNE IN CONTRAST TO NET FUND OUTFLOW IN PRIOR MONTH. OFFICIAL SETTLEMENTS BALANCE IMPROVED SHARPLY FROM \$0.3 BIL SURPLUS IN MAY TO \$0.6 BIL IN JUNE. OFFICIAL RESERVES CONTINUED TO RISE, THOUGH INCREASE WAS SMALLER (\$187 MIL) THAN MAY'S \$273 MIL. AVERAGE EXCHANGE RATE FOR THE YEN DEPRECIATED BY 0.2 PERCENT TO 299.51 YEN/DOL IN JUNE THOUGH YEN STRENGTHENED AGAINST DOLLAR AFTER MIDDLE OF THE MONTH. END SUMMARY.

2. JUNE TRADE SURPLUS (N.S.A.) INCREASED SHARPLY BY \$310 MIL OVER MAY TO REACH \$970 MIL IN JUNE. AFTER SEASONAL ADJUSTMENT, HOWEVER, TRADE SURPLUS DECLINED BY \$168 MIL TO \$1,109 MIL IN JUNE. SEASONALLY ADJUSTED EXPORTS (F.O.B.) WERE \$5,488 MIL IN JUNE, VIRTUALLY SAME AS IN PRIOR MONTH. ADJUSTED IMPORTS (F.O.B.), ON THE OTHER HAND, ROSE BY \$167 MIL (UP 4.0 PERCENT) TO EACH \$4,379 MIL.

3. LONG-TERM CAPITAL SWUNG TO OUTFLOW OF \$110 MIL FROM \$47 MIL NET INFLOW IN MAY. INFLOWS OF LONG-TERM CAPITAL REMAINED ALMOST UNCHANGED WHEREAS OUTFLOW OF JAPANESE CAPITAL ROSE BY MORE THAN \$200 MIL OVER MAY. NET INFLOW OF FOREIGN CAPITAL THROUGH BOND ISSUES ABROAD BY JAPANESE ENTERPRISES WAS AS HEAVY AS IN PRIOR MONTH AND TOTALED \$182 MIL IN JUNE. (NOTE: THIS INCLUDES GOJ-GUARANTEED BOND ISSUES OF \$35 MIL BY KOBE MUNICIPAL GOVT.) FOREIGN INVESTMENT IN JAPANESE SECURITIES MOVED BACK TO NET FOREIGN PURCHASE (APPROXIMATELY \$70 MIL) IN JUNE. MOF OFFICIALS ATTRIBUTED LARGE OUTFLOWS OF JAPANESE CAPITAL IN JUNE TO SHARP INCREASE IN LENDING ABROAD AND SECURITIES INVESTMENT BY JAPANESE ENTERPRISES AS WELL AS TO YEN-DENOMINATED BOND ISSUE BY MEXICAN GOVT (\$30 MIL).

4. COMMERCIAL BANKS IN JAPAN IMPORTED A LARGE VOLUME OF SHORT-TERM FUNDS (\$410 MIL) IN JUNE IN CONTRAST TO NET EXPORTS OF \$213 MIL IN PRIOR MONTH. AS RESULT, SURPLUS ON OFFICIAL SETTLEMENTS BALANCE INCREASED BY \$316 MIL TO \$570 MIL IN JUNE. PUBLISHED OFFICIAL RESERVES INCREASED LESS SHARPLY IN JUNE (BY \$187 MIL) THAN IN MAY AND TOTALED \$15,397 MIL AT MONTH-END. GOLD AND FOREIGN UNCLASSIFIED

UNCLASSIFIED

PAGE 03 TOKYO 10780 161147Z

EXCHANGE TOTALED \$13,688 MILN GOLD TRANCHE \$1,182 MIL, AND SDR'S \$527 MIL.

5. AVERAGE EXCHANGE RATE OF THE YEN DEPRECIATED BY 0.2 PERCENT AGAINST DOLLAR TO 299.51 YEN PER DOLLAR ON SPOT MARKET. YEN WEAKENED AGAINST DOLLAR IN EARLY PART OF JUNE BUT THEN STRENGTHENED RAPIDLY TOWARD MONTH-END AMID NEWS REPORTS THAT U.S. GOVT WOULD ASK GOJ TO PERMIT APPRECIATION OF YEN.

YEN APPRECIATED BY 1.4 PERCENT TO 296.00 YEN/DOLLAR DURING SEVEN BUSINESS DAYS ENDING ON JUN 29. PRELIMINARY JUNE B/P STATISTICS TEND TO CONFIRM REPORTED OUTFLOW OF ARBITRAGE FUNDS DUE TO MATURITY OF TW-MONTH TREASURY BILLS PURCHASED DURING APRIL (REPORTEDLY \$400 MIL IN GROSS) SINCE OFFICIAL LIABILITIES DECREASED BY \$383 MIL IN JUNE. THESE FLOWS ARE TREATED AS PART OF OFFICIAL LIABILITIES IN THE OFFICIAL SETTLEMENTS BALANCE.

7. FOLLOWING ARE PRELIMINARY MOF DATA ON JUNE BALANCE OF PAYMENTS IN MIL DOLS (IMF BASIS, NOT SEASONALLY ADJUSTED). RECEIPTS AS WELL AS INCREASE IN RECEIPTS OR DECREASE IN PAYMENTS ARE SHOWN AS PLUS: QUOTE MIN UNQUOTE INDICATES OPPOSITE:

	JUNE PROVISIONAL	MAY REVISED	CHANGE
(1) CURRENT BALANCE	380	181	199
TRADE BALANCE	970	660	310
EXPORTS	5,620	5,213	407
IMPORTS	MIN 4,650	MIN 4,553	MIN 97
SERVICES & TRANSFERS	MIN 590	MIN 479	MIN 111
(2) LONG-TERM CAPITAL	MIN 110	47	MIN 157
(EL BASIC BALANCE	270	228	42
(4) NON-MONETARY SHORT-TERM CAPITAL AND ERRORS AND OMISSIONS COMBINED	MIN 110	239	MIN 349
(5) OVERALL BALANCE	160	467	MIN 307
(6) COMMERCIAL BANKS SHORT- TERM NET POSITION	410	MIN 213	623
(7) OFFICIAL SETTLEMENT BALANCE	570	254	316

7. SEASONALLY ADJUSTED TRADE DATA (IMF BASIS) AS FOLLOWS:
UNCLASSIFIED

UNCLASSIFIED

PAGE 04 TOKYO 10780 161147Z

	JUNE PROVISIONAL	MAY REVISED	CHANGE
EXPORTS	5,488	5,489	MIN 167
IMPORTS	MIN 4,379	MIN 4,212	MIN 167
BALANCE	1,109	1,277	MIN 168

8. NOTE: RATES OF EXCHANGE USED BY MOF TO CONVERT TO DOLLAR BASIS WERE 299.51 YEN PER DOLLAR FOR JUNE 1976 AND 299.03 YEN PER DOLLAR FOR MAY 1976.
HODGSON

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: BALANCE OF PAYMENTS DATA
Control Number: n/a
Copy: SINGLE
Draft Date: 16 JUL 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976TOKYO10780
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760274-0961
From: TOKYO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760748/aaaabqcc.tel
Line Count: 164
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: hackerp0
Review Comment: n/a
Review Content Flags:
Review Date: 22 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <22 APR 2004 by ThomasVJ>; APPROVED <31 JAN 2005 by hackerp0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: JAPAN'S BALANCE OF PAYMENTS IN JUNE - PROVISIONAL
TAGS: EFIN, JA
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006